



"A New Structure of Social Security"

The Work of the Inter-American Conference on Social Security at Santiago de Chile

About a hundred delegates, from all parts of the Americas, were gathered together at a Conference held in Santiago de Chile from 10 to 16 September 1942, which was presided over by Dr. Miguel Etchebarne, the Chilean Minister of Health, Social Insurance and Assistance. The purpose of the Conference was to promote the social and economic security of workers and their families, and its proceedings and decisions concerned the development of social security services, of which compulsory insurance is the most characteristic form. After discussing an agenda which included questions of major current importance, the Conference formulated the essential principles of a continental programme of social security, and laid the foundations for the continuous co-operation of the administrations and institutions interested, to be carried on in concert with the International Labour Office.

THE ORGANISATION OF THE CONFERENCE

Convocation of the Conference

The Conference was held at the invitation of the Chilean Government and under the auspices of the Inter-American Committee to Promote Social Security.

This Committee had been set up in December 1940 at Lima, where the heads of national administrations and institutions concerned with social security and a number of diplomatic representatives, from ten American countries, had met for the inauguration of the great Workers' Hospital of the National Social Insurance Fund of Peru. The Committee was formed as the result of discussions conducted under the chairmanship of the Minister of Public Health, Labour and Social Insurance of Peru, Dr. Constantino J. Carvallo, and in the presence of Mr. John G. Winant, at

that time Director of the International Labour Office, and at present United States Ambassador in London, with a view to making possible a systematic and continuous exchange of information among the social security institutions of the American countries, and to laying the foundations for the future organisation of an inter-American conference on social security.¹

In conformity with a wish expressed at the Lima meeting, the International Labour Office brought to the notice of the social security administrations and institutions not represented there the establishment of the Inter-American Committee.

Soon afterwards, Dr. Salvador Allende, at that time Chilean Minister of Public Health, Social Insurance and Assistance, and now Executive Vice-Chairman of the Workers' Insurance Fund, addressed a letter to the Acting Director of the International Labour Office, Mr. Edward J. Phelan, suggesting that the conference which the Lima Committee had in view should be held at Santiago de Chile. This invitation was unanimously welcomed by the members of the Committee.

The Chilean Government then took steps to convoke the Conference. It appointed an Organising Committee under the chairmanship of Dr. Julio Bustos, Chief of the Social Insurance Department in the Ministry of Public Health, Social Insurance and Assistance.

Composition of the Conference

The invitation issued by the Chilean Government aroused great interest among the Governments and social security agencies. The fact that the delegations appointed were both fully representative and highly qualified was a tribute to the country which was the first on the American continent to introduce, some eighteen years ago, a general scheme of compulsory insurance for wage earners in all occupations.

The list of the delegates, with their titles and functions, gave the measure of the importance and present development of the services which, in the various countries, have to organise the prevention of and protection against the risks to which workers and their families are exposed. The list included the names of many personalities who are devoting themselves to the cause of social security and insurance: directors or high officials of ministerial departments of social insurance, health, and labour; chairmen or members of boards of management, or directors, of national insurance funds; workers' leaders and employers' representatives

¹ Cf. *International Labour Review*, Vol. XLIII, No. 1, Jan. 1941, p. 105.

specially interested and qualified in social security matters; chiefs and advisers of the medical services of insurance institutions; chiefs of the actuarial services of insurance funds and supervisory authorities; university professors belonging to the different faculties interested in the agenda of the Conference.

The chief of the Chilean delegation was the Minister of Public Health, Dr. Etchebarne, and the Mexican delegation was headed by the Minister of Labour and Social Insurance, Mr. García Téllez. The leading delegate of the United States was Mr. Arthur J. Altmeyer, Chairman of the Social Security Board. The Argentine delegation had for its chief the Under-Secretary of State for Education and Assistance, Dr. R. J. Ungaro, and for Secretary-General, Dr. R. Migone, Chief of the Division of International Organisations in the Ministry of Foreign and Ecclesiastical Affairs. The delegation of Brazil was led by Mr. Farfa Batista, member of the National Labour Council. Dr. Edgardo Rebagliati, Director of the National Social Insurance Fund, was in charge of the Peruvian delegation. Other delegations also were led by the directors of the central social insurance funds: the Bolivian delegation by Mr. Victor Andrade, and that of Costa Rica by Professor Guillermo Padilla. The chief of the Uruguayan delegation was Dr. José Arias, Counsellor of State and Director of the Labour University. The delegations of several countries were headed by the chiefs of diplomatic missions accredited to Chile, such as those of Canada, Cuba, the Dominican Republic, Ecuador, Guatemala, Haiti and Paraguay, while others were led by, or consisted of, persons holding responsible positions in social security administrations or by members of the consular body.

The Pan American Sanitary Bureau sent Dr. Anthony Donovan as its delegate.

The International American Institute for the Protection of Childhood at Montevideo sent a delegation under Dr. Morales Beltrami.

The Chilean Ministry of Labour had appointed a considerable group of observers.

Observers were also sent by the University of Chile and the Catholic University in Santiago, as well as by the Provident Fund of the Municipal Workers of Valparaiso, and by the Insurers' Association of Chile.

Mr. Nelson A. Rockefeller came on to Santiago from the Pan American Sanitary Conference at Rio de Janeiro in order to make a statement on the purposes and activities of the Office of the Coordinator of Inter-American Affairs, of which he had been placed in charge by President Roosevelt.

Participation of the International Labour Organisation

The Governing Body of the International Labour Office, in the course of its session held in New York in October and November 1941, took note of the Acting Director's report on the Lima meeting. At the same session, the Governing Body heard an account from Dr. Allende of the aims pursued in the creation of the Inter-American Committee and of the programme of the Santiago Conference.

The Governing Body authorised the Office to continue affording to the Committee such technical and administrative assistance as it might desire, and to remain in contact with, and invoke the aid of, the Pan American Union and the Pan American Sanitary Bureau, and of the Office of the Coordinator of Inter-American Affairs at Washington.

The Office then proceeded to consult members of the Committee about the agenda of the Conference, and co-operated in its preparation with the Organising Committee, appointed by the Chilean Government.

The Office also issued, under the title of *Approaches to Social Security*¹, an international survey of the recent trends of development of legislation, which shows how the way is opened to a complete system of social security through the co-ordination and integration of social insurance and assistance.

In response to an invitation extended by the Chilean Government, the Governing Body decided to be represented at the Santiago Conference by a tripartite delegation. This delegation consisted of Mr. Paul van Zeeland, former Prime Minister of Belgium, representing the Government group, Mr. Clarence McDavitt, representing the employers' group, and Mr. Robert J. Watt, representing the workers' group. The members of the delegation took an active part in the work of the Conference and its General Committee, which highly appreciated their contributions.

Mr. Edward J. Phelan, Acting Director of the International Labour Office, who was prevented at the last moment from attending the Conference, was represented by Mr. Osvald Stein, Assistant Director, who proceeded to Santiago with a small group of experts belonging to the Social Security Section of the Office.

Agenda and Procedure

The agenda consisted of six technical questions for discussion, and the determination of the programme of future activity.

Of the six technical items, the first three were selected by the Lima Committee, having regard to the diversity of the immediate preoccupations of the countries represented in it:

¹ Studies and Reports, Series M (Social Insurance), No. 18 (Montreal 1942).

- (1) Extension of social insurance coverage to agricultural workers, to the self-employed, and to domestic servants.
- (2) Efficacy and economy of medical and pharmaceutical benefits in health insurance plans.
- (3) Administration of cash disability benefits.

To the above agenda three more questions were added, as follows:

- (4) Protection of the people's health through social insurance.
- (5) The most expedient financial systems, having regard to the extent of coverage, the characteristics of the insured population and the necessity of continuity of insurance protection.
- (6) Desirability of a uniform system of vital statistics on an etiological basis.

The discussion of each question was based on principal reports, which were prepared for this purpose by the members of the Chilean (items 1, 4, 5, 6), Peruvian (item 2), and American delegations (item 3).

A number of other reports, referring to these questions or on other aspects of social insurance, were presented to the Conference, notably by the following delegations:

Bolivia: the general problem of social insurance in Bolivia.

Brazil: views on each item of the agenda, rehabilitation of invalids, invalidity insurance in Brazil, social insurance for the liberal professions.

Chile: survey of Chilean schemes, domestic service, efficacy and economy of medical benefits, invalidity insurance, preventive medicine, etc.

Mexico: analysis of Mexican Social Insurance Bill.

At its inaugural session, the Conference adopted standing orders, and appointed Dr. Etchebarne as its President, and the first delegates of each country represented and the members of the Lima Committee as its Vice-Presidents.

The Standing Orders provided for the constitution of a General Committee, which had to organise the programme of the Conference and consider all the proposals submitted to it. The Committee comprised the President and Vice-Presidents, the Chairman of the Organising Committee, the delegation of the Governing Body of the International Labour Office, the representative of the Director of the Office, and the representative of the Pan American Sanitary Bureau.

Each item of the agenda was discussed in plenary sittings, so that all the delegates could follow the entire deliberations. The resolutions were examined, amended, and co-ordinated by the General Committee, whose drafts were adopted by the Conference as a whole.¹

¹ For the text of the resolutions as adopted, see *International Labour Review*, Vol. XLVI, No. 5, Nov. 1942, pp. 610-618.

INTRODUCTORY ADDRESSES

The Conference was inaugurated on 10 September 1942 in the ceremonial hall of the Chilean Congress, in the presence of H. E. the President of Chile, Mr. Antonio Ríos Morales and of the diplomatic representatives of the American countries, by Mr. Ernesto Barros Jarpa, at that date Chilean Minister of Foreign Affairs.

In his address of welcome, Mr. Jarpa recalled how the Conference originated in the Lima meeting, and asserted that it was at this time, when a crisis brought on by the war required all countries to make the best use of their human and material resources, that the social security services must make a supreme effort to protect the health and productive capacity of the worker and his family. This Conference offered the opportunity to develop practical collaboration among administrations and institutions of social insurance and social assistance, and to establish a permanent plan of action with the technical aid of the International Labour Organisation.

Dr. Miguel Etchebarne, Chilean Minister of Health, Social Insurance and Assistance, outlined the programme of the Conference and terminated his speech as follows:

All these problems to be analysed by the Conference will doubtless issue in conclusions of the greatest value to the insurance institutions of our respective countries. Thus we shall afford better protection to our peoples, and assure a less anxious future for our working classes. This unity of action to improve our human assets is bound to lead to a much more effective spiritual unity among the countries of this Continent, and this again will bring about some day an economic and political unity, which will afford a sure basis for achieving the great mission of civilisation and freedom which history now offers to our beloved America.

On behalf of the delegations as a whole, Mr. García Téllez, Mexican Minister of Labour and Social Insurance, thanked the Chilean Government as the host of the Conference, which, as he said, was a confirmation of the work begun at the First and Second Labour Conferences of American Countries, held in Chile in 1936 and in Cuba in 1939 under the auspices of the International Labour Organisation.

After a reference to the Organisation as representing an effective democratic discipline which was necessary for the construction of the community of the future, he continued:

This Conference, striving as it is for greater amplitude in the work of social insurance institutions and for the technical improvement of their management, sounds a note of genuine solidarity, which issues from the economic co-operation of workers, employers and the State, and from a new conviction that social services are no longer a humiliating charity but a proper duty of the modern State.

Greetings and messages from the International Labour Organisation were conveyed to the Conference by the three members of the delegation of the Governing Body.

Mr. Paul van Zeeland described the Conference as an act of faith, as a ground for hope that a better world could be constructed after the war, as a demonstration that the Americas were fully maintaining the social ideals which the more generous spirits had already conceived and the more realistic now understood to be an inexorable and just necessity. He went on to emphasise the inseparable and reciprocal relations which united social, economic, and political phenomena, affirming that social and economic security depended upon political security, that is to say, upon a peace that was durable and effectively defended.

Mr. Clarence McDavitt, having adverted to the origin of the United States and of Latin America in a revolutionary struggle for political freedom, proceeded:

It seems therefore entirely fitting that we here should be engaged at this Conference in furthering the relatively new, and perhaps revolutionary, concept that, by joint consideration of the problems involved, we may be able to make at least some progress in other human freedoms—freedom from ignorance, freedom from the ravages of disease.

Mr. Robert J. Watt assured the Conference, on behalf of the workers' group of the Governing Body, that the workers of the world were not fighting for the welfare of any people or race, or to maintain the *status quo*. They were fighting to remove the *verboden* sign from the eyes and ears and mouths and souls of men and women everywhere—to realise the simple hope of the common man who wanted to be free. For the world of to-morrow must be a decent world, in which there would be equal opportunities and security for all and privileges for none.

Dr. Anthony Donovan, of the Pan American Sanitary Bureau, referred to the manifold activities of this organisation in the field of international public health. Besides supplying advice and assistance on the spot in various countries by means of a team of medical commissioners and sanitary engineers, the Bureau publishes a monthly Bulletin and weekly summaries of cases of infectious disease. The Bureau is following with interest the development of social insurance, and especially health insurance, which is improving the standard of medical care for the groups of limited means. From his own knowledge, Dr. Donovan cited the example of the Peruvian social insurance, whose hospitals and rural centres have raised the level of medical care for the entire population.

INSURANCE OF AGRICULTURAL WORKERS, SELF-EMPLOYED, AND DOMESTIC SERVANTS

The First Labour Conference of American Countries had laid down the principle that compulsory social insurance should cover all employed persons and likewise self-employed persons of small means. It is notorious, however, that serious difficulties must be overcome in order to extend social insurance effectively to the small independent worker and to two groups of employed persons, namely, agricultural workers and domestic servants. The only American country whose social insurance law applies to these classes without exception throughout its territory is Chile, where the law has been in force since 1926. The other American countries, for whom the incorporation of agricultural workers, especially, into a social insurance system is a grave and urgent problem, were therefore very anxious to learn from Chilean experience. Hence it is that the extension of insurance to these classes appeared as the first item of the agenda of the Conference and that the report upon it was furnished by members of the Chilean delegation (Dr. Bustos, Chief of the Social Insurance Department, Dr. Vizcarra, and Dr. de Viado).

The report, which was introduced by Dr. de Viado, opens with an outline of the well-known Chilean Act, No. 4054 of 1924, which provides for compulsory insurance against sickness, maternity, invalidity and old age, financed by a tripartite contribution proportional to the wage, and administered through a single institution. The scheme applies to agricultural and domestic workers in exactly the same way as to other workers, save that there are special rules for reckoning the basic wages of the former groups, whose remuneration is to a considerable extent paid in kind. For this purpose, several categories of agricultural workers are distinguished: share tenants of different degrees of dependence, managers, labourers, etc.; and for each category a fixed basic wage is prescribed for the purposes of contributions and cash benefits.

The difficulties of administering social insurance, and particularly the medical benefits of sickness insurance, are especially great in the case of agricultural workers; they proceed, however, not from the nature of social insurance, but from the low density of the rural population (one insured person per square kilometre), defective housing and nutrition, scanty education, and lack of sanitation. Tuberculosis, water-borne diseases, and conditions due to under-nourishment constitute the main factors of morbidity in Chile.

Social insurance is indispensable for domestic servants. In

Chile there is a constant movement of servants into industry for the sake of higher wages, but they carry their insurance rights with them. Tuberculosis and venereal diseases are frequent among domestic servants, though one might have expected they would live under better conditions than many other workers: in fact, servants need the protection of legislation establishing minimum conditions of work. Domestic servants are hardly ever treated in the home when sick, because contagious disease is a legal justification for breaking the contract, and they must therefore be received into hospitals.

The report describes the development of the insurance medical services in the rural areas of Chile. These services radiate from fully equipped polyclinics in the important towns, through dispensaries in the smaller towns, to rural posts with a minimum resident staff and the simplest equipment. Beyond the rural post, in communities of less than 300 insured persons, there is only a hut for the use of the doctor as a consulting room on his periodical circuit. This network now covers almost the entire territory, and reaches the country-dweller at his place of work.

The authors, however, are by no means satisfied with this considerable achievement of the Chilean Compulsory Insurance Fund. They admit that social insurance has brought medical care to areas where it was unknown before, has discovered the facts of rural morbidity, and has disseminated an elementary knowledge of hygiene and puericulture. But on the debit side it must be noted that the medical care is not complete, and diagnostic aids, in particular, are lacking. A general attack on an environment inimical to health is required, and more attention must be given to education, both general and in hygiene. Above all, medical care, which at present is given only to the wage earner, must be extended to the family.

In the discussion Dr. Arias (Uruguay) wished to emphasise the importance of encouraging the cultural development of the rural population, as a complementary measure to social security. Dr. Almada (Uruguay) mentioned the existence of new legislation for the protection of domestic servants, the introduction of a Government Bill to create a scheme of compulsory pension insurance for agricultural workers, and the fact that, by an Act of January 1941, the existing schemes of pension insurance had been made applicable to the employers concerned.

The situation and prospects in the United States were outlined by Mr. Wilbur Cohen. A peculiarity of agricultural workers in the United States is their propensity to migrate and to engage seasonally in other occupations, in which they become subject to

insurance. If agricultural workers as such were to be brought within the ambit of insurance, it would be desirable to adopt the stamp system for collecting their contributions. Proposals for including the self-employed look to the collection of their contributions through the mechanism of the income tax.

For Mr. Cruz (Mexico), the manner in which social insurance should be organised for agricultural workers is closely bound up with the system of land tenure. In Mexico, large estates are being liquidated, and the land is being distributed to the village communities of *ejidatarios*, who number nearly 2,000,000; small farms will continue to exist. The National Banks which supply credit to the *ejidatarios* and the small farmers are the most suitable agencies for administering social insurance. According to a memorandum submitted to the Conference by the Mexican delegation, one of these banks is co-operating with the Department of Public Health in the provision of medical services for its clients, who contribute in the form of a small deduction from the loans advanced to them. Since the *ejidatarios* have no employers, the cost of social insurance will have to be met by a joint contribution from themselves and the State. Even so, care must be taken to preserve continuity with the general scheme of social insurance. A beginning should be made in those regions where endemic diseases are rife and the morbidity and mortality rates are highest.

Professor Padilla (Costa Rica) said that his delegation was above all concerned to obtain practical results from the Conference. Costa Rica has just adopted a social insurance law modelled on those of Peru and Chile. The law is to apply to agricultural workers, the self-employed, and domestic servants, but the statistical material is lacking to provide a sound actuarial basis for the insurance of these groups. The rural population is literate. In the coffee regions, the land is divided among a multitude of small owners (100,000 out of a population of 600,000); in the unhealthy banana regions, on the other hand, there are vast plantations operated by the United Fruit Company. The individualism of the small owners may prove highly resistant to compulsory insurance, and it may be necessary to have recourse to assistance services. On the plantations, social insurance appears not only highly desirable, but also feasible.

Two members of the Argentine delegation contributed to the discussion of this item. The first, Dr. Arrarás, pointed out that agricultural workers generally are covered only by workmen's compensation (as the result of the ratification of the *Workmen's Compensation (Agriculture) Convention*), though in the Province of Mendoza they have been included in a successful scheme of social

insurance since 1921. It has indeed seemed more urgent in Argentina to proceed with the breaking up of great estates and to improve rural education and housing. The majority of persons engaged in agriculture are tenant farmers or share tenants (470,000 out of 650,000); the remainder are the wage earners, and for these compulsory insurance is now envisaged.

The second Argentine speaker was Mr. Pinto, who, desirous of profiting by the experience of Chile and Peru, propounded a series of questions of a practical nature.

To these questions, Dr. Rebagliati (Peru) gave an extensive reply based on the experience of his country.

(1) What was the reaction of the agricultural classes to the introduction of social insurance? There was violent opposition on the part of the industrial classes, but none from the agricultural workers.

(2) What technical and administrative problems have had to be solved? The first problem was to classify the different forms of agricultural tenancy, in order to ascertain in which of them the owner could be deemed to be the employer also. Seasonal workers employed for less than 90 days a year were excluded. The second problem was the assessment of the value of remuneration in kind. The workers who received a low cash wage did not want to have deducted from it a contribution based on their remuneration in kind: the resistance, however, came from domestic servants in the towns. Regional committees have been appointed to deal with this question, but meanwhile a Bill is being drafted that would obviate all discussion by providing simply that a person who is lodged and fed shall be placed in a wage class which is at a prescribed interval above that to which he would belong in virtue of his cash wage.

(3) What is the rate of growth in the number of insured and in the contribution income? It did not seem necessary to reply to this question, since the figures do not depend solely on the insurance organisation, but also on the economic situation.

(4) What unforeseen circumstances have been revealed in practice? The most serious omission was any provision for workers already over sixty years and for children who go to work very young. It had also been overlooked that an insured person might migrate to another district, and there demand medical care: steps had to be taken to organise the transmission of his medical records.

(5) What amendments have had to be made to the original Act? The payment of the workers' contribution and one-third of the employers' contribution was suspended in each region until

the medical services were ready. For that matter, the Act has only been in force a little more than a year.

(6) What was the effect of the introduction of social insurance on agricultural production? Dr. Rebagliati replied by referring to the statement of a Chilean delegate to the effect that, in Chile, social medicine had prolonged working life, increased working capacity, and reduced infantile mortality.

(7) Should social insurance be applied first to another class and subsequently to agricultural workers, or should the latter be included from the outset? Make careful investigations and preparations beforehand and then launch the scheme as a whole; this requires a very great effort, but it avoids the successive struggles involved in extension by stages.

(8) Should social insurance be applied gradually, by branches or by regions? There can be no question of applying insurance to all regions, but only to those where there exists a sufficient mass of workers in a position to contribute.

(9) In what measure does social insurance influence the welfare and culture of agricultural workers, and should it be supplemented by other means? A reply is required for the latter half of the question only. Nutrition must be cared for. Medical services will fail in their preventive function if not accompanied by measures to improve sanitation and housing. It is for the Ministry of Education to assure the educational basis upon which sanitary improvement must rest.

The resolution that the Conference adopted on this item of the agenda combined the drafts of the Chilean, Peruvian, and Argentine delegations. Declaring that it is urgent to extend social insurance to the three groups in question, the resolution recommends that such extension should be accompanied by efforts to improve economic conditions, educational opportunities, and a healthy environment. The resolution adds that, in cases where it is expedient to apply social insurance by stages, sickness and accident insurance should be introduced first and pension insurance later.

A number of delegates from Bolivia, Colombia, and Peru spoke on the primitive condition of their Indian populations, who remain beyond the pale of civilised life, outside the national economy, and incapable of being incorporated into a social insurance system until their cultural level has been raised and means have been found to put purchasing power into their hands.

Mr. Andrade (Bolivia) pointed to the fact that, in a population of 3,500,000, there are only 43,000 wage earners, principally in the mining industry, and these produce 90 per cent. of the com-

mercial output of the country. Indians constitute 80 per cent. of the population, and remain as they were four centuries ago, solid and unimpressible as a neolithic monument. Their primary problem is chronic hunger, which is the cause of their addiction to coca.

Mr. Solano (Colombia) referred to the fact that the Colombian legislature had adopted a Social Insurance Bill, but that it had been disallowed by the President. Vigorous campaigns, however, are being carried on by the State against malaria, tuberculosis, and venereal diseases, and a system of infant welfare centres is being developed. Two important regions and their inhabitants remain beyond the range of the social services and indeed of the law itself: the highlands, where peasants practise a primitive agriculture, and clearings in the jungle of the Magdalena Valley.

Two Peruvian delegates spoke on the Indian problem of their country. Mr. Luna, a workers' delegate and Congressman, mentioned that five of the seven million inhabitants of Peru are Indians to whom, as yet, it is not possible to extend social insurance. Their cultural level is being raised by flying squads of teachers and doctors, who demonstrate improved methods of agriculture and inculcate elementary ideas of hygiene. Mr. Otárola described, in further detail, how the Peruvian Government is assisting the self-contained Indian communities to acquire purchasing power by granting credits to the indigenous silversmiths and carpet weavers. In order to obtain a scientific basis for a long-range policy of Indian welfare, the Government has established an Institute of Andean Biology.

EFFICACY AND ECONOMY OF MEDICAL AND PHARMACEUTICAL BENEFITS

The medical and hospital services of the Peruvian Social Insurance Fund were organised by its Director, Dr. Rebagliati, after studying on the spot the practice of sickness insurance institutions in Europe, and after an investigation of the precise needs of Peruvian workers in each region of the country. Dr. Rebagliati's report on the efficacy and economy of medical and pharmaceutical benefits describes how these two complementary principles are applied in the Peruvian services, and sets forth the essential directives as already developed by bodies of experts.

The health equipment of the Peruvian Fund was planned after an investigation of the individual and public health conditions in each region and of the existing medical facilities; the facilities were considered with reference to their geographical distribution and to the density of the population to be served. The investigation

showed a shortage of hospital accommodation, and of appliances for diagnosis and treatment, and an excessive concentration of facilities in the urban areas. It pointed to the expediency of creating a network of hospitals and polyclinics in order to provide efficient care for the insured population.

No plan of medical assistance can claim to be either efficacious or economical if it fails to keep a careful watch over its patients, if it does not make full use of the advantages of specialisation, if it does not maintain the quality of the treatment, or if, through lack of organisation, it does not utilise the available statistics on health and the prevalence of disease, which are indispensable for preventive medical action. Nor should the plan require any contribution from the patient towards the expenses of his cure. . . . It is no doubt for these reasons that the majority of insurance institutions have preferred to adopt the system of direct administration and supervision of the benefits, so that they avoid the disadvantages of independent and individualistic practice, but seek the advantages of group practice, of adequate health equipment, and of early detection of disease. . . .

The organisation of the various services conforms to the principle of efficacy if it combines the attributes of *amplitude*, in the sense of affording every necessary form of care, of *distribution*, by attending to the needs of both urban and rural populations, of diffusion of *specialities* according to the probable demand for them, and of *quality*, as possessing an equipment that is efficient, up-to-date, and in good repair.

The principle of economy calls for the selection of those methods which, while not allowing for extravagance, are best suited for the realisation of the objectives. As applied in sickness insurance, it does not affect the necessary freedom of the doctor to direct the diagnosis and prescribe the therapy, but, expressed in the form of counsels to the doctor, it assists him to obtain a maximum of result for a minimum of expenditure.

Taken together, efficacy and economy demand for their realisation that the medical service should be rationalised throughout. This theme, already implicit in the report, was taken up and developed in its various aspects by Dr. di Piero (Brazil), Drs. Biondi and Vizcarra (Chile), and Mr. Trebino and Dr. Stern (Argentina).

Dr. di Piero had in mind particularly the expediency of organising the co-operation of various occupational insurance schemes so as to provide common or complementary medical services, at least in the smaller centres of population; he could not overlook, however, the objection felt by patients belonging to widely different social classes, such as bank clerks and stevedores, to using the same facilities.

Dr. Biondi considered that the only true measure of the efficacy of a medical service was a downward trend of the curves of morbidity and mortality. It was this conviction that had led Chile to formulate and apply the concept of "directed medicine", concentrated on

the prevention and treatment of those diseases which are the most serious menace to the country concerned.

Dr. Vizcarra affirmed that medical officers alone are competent to apply the principles of efficacy and economy, and in consequence they ought to be duly represented in the higher administration of insurance institutions; for that matter, they should be assured of opportunities of post-graduate study and of professional advancement. He submitted to the Conference a proposal to the same effect.

On behalf of the Argentine delegation, Mr. Trebino presented a proposal for the creation of national committees for the rationalisation of medicine, which, in co-operation with the International Labour Office and the Pan American Sanitary Bureau, should formulate uniform statistical methods, promote investigations of different aspects of medical rationalisation, and ascertain the characteristic medical and sanitary problems of regions and countries; these committees should be co-ordinated by an international committee issuing from the Conference.

In support of the proposal to take positive national and international action for the rationalisation of medical services, Dr. Stern pointed to the defects of the prevailing system of private practice. He charged private medicine with having ignored the question of cost, under-estimating the importance of non-fatal diseases, showing undue preference for new, expensive, and widely advertised remedies, and neglecting disease in its incipient stages.

Summing up the discussion, Dr. Rebagliati found himself in general agreement with the various speakers who had contributed, and welcomed in particular the suggestions of Dr. Vizcarra and of the Argentine delegation. He himself added a further proposal for international collaboration, namely, in the organised interchange of pharmaceutical products. The resolution adopted by the Conference takes account of all the definite proposals that were formulated—direct provision of benefits by qualified medical officers; medical services satisfactory in respect of range, quality, and accessibility; special attention to social diseases; accurate diagnosis; economical prescribing; authority and conditions of service of medical officers; governmental action to facilitate exchange of pharmaceutical products; creation of national committees on medical rationalisation under the aegis of the Conference.

ADMINISTRATION OF CASH BENEFITS FOR PERMANENT DISABILITY

Since the United States does not yet possess a general scheme of insurance covering the risk of permanent disability, the report

on this question by Mr. Altmeyer, Chairman of the Social Security Board, is, as its title "Formulating a Disability Insurance Program" indicates, a review of the problems encountered in drafting a scheme of disability insurance and a discussion of the possible solutions, with special regard to the situation in the United States.

Though the Social Security Board has recommended legislation for both temporary and permanent disability insurance, the report deals with the latter only. It is considered that such insurance should be brought into being as an extension of the Federal old-age and survivors' insurance scheme. Mr. Altmeyer is clear that the risk to be covered should not be defined in terms of physical disability or disability for a given occupation alone, nor yet as the loss of a precise fraction of one's former earning capacity. The assessment of permanent disability must take account of the variety of relevant factors, and the definition proposed refers to a person who cannot perform substantially gainful work of which he would be capable on the basis of his education, training, and experience. The provisions governing the present Federal old-age benefit would need but little adaptation in order to render them applicable to a permanent disability benefit, since they already secure the payment of a fairly substantial benefit, if need be, after a short qualifying period, and allow for a gradual increase in the rate in relation to the time spent in insurance. It would, however, be necessary to require a recent period of employment as a qualification for disability benefit, and the introduction of the latter would enable rights under old-age and survivors' insurance to be maintained during disability. For a number of problems, such as the relation of Federal disability benefit to the benefits of State workmen's compensation laws, no obviously rational solution presents itself. Disability insurance cannot neglect to provide for the rehabilitation of beneficiaries whose earning capacity is susceptible of restoration; on the other hand it need not create rehabilitation facilities of its own where it will suffice to develop existing facilities.

Important contributions to the discussion of permanent disability insurance were made by members of the Argentine and Brazilian delegations. Both delegates had in mind the experience of the occupational schemes of pension insurance in their countries, and were impressed by the excessive number of disability pensions awarded on account of incapacity for the insured person's occupation. Accordingly, they strongly supported the conception of permanent disability as incapacity with respect to any occupation reasonably open to the individual, and in this connection, they laid great stress on the necessity of organising the rehabilitation

of disabled persons and their reintegration in productive life. They agreed again that a qualifying period long enough to eliminate bad risks is indispensable.

The resolution adopted by the Conference on disability insurance was based on drafts submitted by these two delegations. It recommends that permanent disability should be defined in terms of incapacity for any occupation on the labour market that is suitable for a person of the same sex, age, and occupation as the claimant; in any such occupation he should be unable, even after rehabilitation, to earn a substantial wage.¹ Insured persons and pensioners should be medically examined at intervals. Permanent disability insurance should be linked up with sickness insurance. The rate of the pension should suffice for a minimum of subsistence, having regard to the position of the individual and his family responsibilities; it should be so limited as to leave an incentive to return to work in cases where recovery is possible. Rehabilitation centres should be set up, special efforts should be made to find employment for rehabilitated persons, and employers should set aside certain jobs for them.

Dr. di Piero, of the Brazilian delegation, submitted to the Conference a substantial memorandum on the re-education and re-adaptation of the disabled. Another member of the same delegation, Mr. Pinto de Moura, proposed an interchange of invalidity and other tables among American insurance institutions, and suggested that the Permanent Committee should take up this question.

PROTECTION OF THE PEOPLE'S HEALTH THROUGH SOCIAL INSURANCE

Under this title, Drs. Bustos and de Viado (Chile) submitted a report setting forth the basic ideas for a general health programme, derived from Chile's seventeen years' experience of social insurance and already embodied in a reform Bill now before the Chilean Congress.

The report, which was presented by Dr. Bustos, passes in review the steps in the evolution of the medical services of the Social Insurance Fund and gives some account of the working of "directed medicine" as introduced by the Preventive Medicine Act, 1938.² Medicine to-day has become part of social policy, and

¹ While agreeing with the resolution, Dr. Bustos (Chile) and Dr. Bonnani (Argentina) observed before the General Committee that, in their view, general invalidity should imply loss of two-thirds of earning capacity, and occupational invalidity loss of one-half thereof.

² Cf. *International Labour Review*, Vol. XLVI, No. 2, Aug. 1942, pp. 123-135: "The Aims and Achievements of the Chilean Preventive Medicine Act", by Dr. Manuel DE VIADO.

passive waiting for the patient to seek treatment has been replaced by active exploration and intervention.- Social medicine should be directed primarily to diseases that are of special importance to the community, such as tuberculosis and syphilis, which flourish under unfavourable economic, social, and cultural conditions. In order to combat these diseases, medical action must proceed hand-in-hand with economic and social action, and must work upon each and all the individuals affected, in accordance with the precepts of modern epidemiology.

A general programme of health protection should provide for the three functions of prevention, restoration, and compensation, and should be administered through a unified scheme of social insurance that is unitary, inclusive, and family in character.

The scheme must be *unitary*, that is to say, must afford protection against all the ordinary risks of life and the special risks of employment. . . It must begin with sickness insurance, because the conservation of the life of the individual as a biological and economic factor in the progress of the nation must be the first consideration of social policy. From sickness insurance as its starting point, the plan should proceed to cover, without interruption, the risks of invalidity and premature death, which are directly derived from that of sickness.

The scheme should be *inclusive*, that is to say, should bring under its protection all workers, by hand or brain, who live solely by their earnings—in other words the entire population of small means and without private income—in order to secure to them and their dependants the means of subsistence in the various contingencies insured against.

The scheme should insure the *family* rather than the individual, since the family is the cornerstone of society.

Erected on the firm foundation of these three principles, social insurance should be directed towards the two problems of life and livelihood: the biological and economic protection of health. . .

In the general interest of every nation, medical action should be directed towards ascertaining and conserving the health of the population by means of systematic and periodical examinations for the discovery of disease, with special attention to the protection of mothers and infants, who represent the future assets of society, and to the social diseases. . .

All this activity should be directed by a technically competent Ministry, and should be carried on simultaneously in two fields: the material and social environment on the one hand, and the individual and his dependants on the other. For the first field, the public health service is competent, and for the second, the social insurance institutions. The hospitals of the social assistance service should become the necessary complement of social insurance. This organisation assumes the parallel operation of two technical services, sanitary and insurance, collaborating to afford complete health protection. . . Special attention should be given to the professional training of these doctors [*i.e.* public health doctors and insurance practitioners]. . . and they should be assured of incomes allowing them to discharge their responsible duties with dignity. . .

As regards economic protection, we must postulate wages affording a standard of living that is adequate, having regard to the customs of each American nation,

and ample compensation in case of incapacity for work. . . In the treatment of an individual as a worker, the biological and economic aspects are inseparable. This is a fundamental principle of social security.

As Mr. Arias (Uruguay) observed, after hearing Dr. Bustos's exposition of the report, the document brings together in a synthesis the premises for any programme which aspires to apply modern concepts of social welfare and insurance. He went on to describe the activity of the public health authorities in Uruguay, and in particular, their campaign against infectious diseases (patients may receive full wages for as long as two years). He mentioned also that it is compulsory for citizens to possess a health book, renewable annually, which is likely to prove of great value in social insurance. The State operates an extensive range of health services, including accident hospitals, laboratories, and air ambulances.

On behalf of the Argentine delegation, Dr. d'Amato stated the general argument for the co-ordination of social insurance, public health services, and social assistance. He suggested that each country should set up a committee of experts to investigate its health problems and propose solutions.

Mr. Otárola (Peru) recognised that the Chilean report offered a solution of the entire problem of social security, but warned that this was a maximum programme which could not be applied immediately in all countries. In Peru it is necessary for the Social Insurance Fund to build its own hospital system, with the result, not only that the health equipment of the country is increased, but that the insured person obtains his hospital care as a right and not as charity, and that the quality of the care is excellent. Public and private employees are not at present covered by sickness insurance, but a Bill has already been prepared to provide them with a scheme quite independent of the wage earners' scheme; the employees' scheme would provide its own health equipment, issuing a loan for the purpose and loading the contribution with the appropriate amortisation charge. He considered that any attempt to absorb the public assistance administration by the Social Insurance Fund would encounter strong resistance.

The view of the Brazilian Government was expressed by Dr. di Piero, who analysed into a series of functions the role which sickness insurance, as completed by invalidity insurance, should play in the protection of the people's health; the list included the investigation of health conditions in homes and workplaces, nutritional deficiency in relation to occupational requirements, popular health instruction, rehabilitation, and the investment of social insurance reserves in works of social utility.

The recommendations of the Chilean report on health protection were embodied in a resolution, proposed by Dr. Bustos and adopted by the Conference, which refers to the finance, scope, and functions of all branches of social insurance, including accident and unemployment insurance. Among its more notable features may be mentioned: the extension of social insurance to the self-employed, the institution of periodical medical examinations, and the establishment of chairs of social medicine.

FINANCIAL SYSTEMS OF SOCIAL INSURANCE

A report was submitted by Mr. González, Actuary of the Chilean Social Insurance Department, on "the most expedient financial systems, having regard to the extent of coverage, the characteristics of the insured population and the necessity of continuity of insurance protection". The author planned his report as a contribution, based on Chilean experience, to the study of a very large problem.

As regards the first aspect—extent of coverage—it should be borne in mind that, where the insurance scheme covers the mass of the wage earners, and is to provide costly pensions, the application of a reserve system will entail a high contribution, which will in turn force an undesirable reduction in the wage earner's standard of living. Again, the capital accumulated under a reserve system is likely to yield a rather low interest, and its utility to the country at large may well be insufficient to compensate for the check to consumption resulting from the contribution.

Lastly, the reserve system presupposes that the purchasing power of the currency will remain stable, but this assumption has not been verified in Chile or, for that matter, in many other countries. Only a limited application of the reserve system should therefore be contemplated in general schemes of social insurance.

The characteristics of the insured population may compromise the financial equilibrium of a scheme which grants pensions based on the final wage of the insured person. For they may include a propensity of employers and workers to agree to inflate fictitiously the final wage, and so exaggerate the amount of the pension. Such, at least, has been the experience of the Chilean scheme for wage earners. Accordingly, where this tendency is to be apprehended, pensions should always be based on the amount of the contributions paid in respect of the insured person, and the minimum pension should not exceed the minimum of subsistence.

The existence, within the same country, of several insurance schemes, with the possibility that an individual may be affiliated to different schemes successively, calls for measures to secure that

passage from one scheme to another shall not entail loss of rights in course of acquisition with the former. For this purpose, a certain fundamental uniformity must be established in all the schemes, and the rights under each scheme must be maintained until the risk matures, when each institution should pay its respective benefit to the claimant.

On behalf of the Argentine delegation, Mr. Rivera gave some details of the working of the retirement schemes for State employees and railwaymen, which promised much larger benefits than their contributions would, in the long run, finance, and which call for measures to increase their revenue and slow down the growth of their expenditure.

The Argentine delegation proposed a resolution on financial systems, which was couched in the most general terms and was adopted unchanged by the Conference. The resolution draws attention to the expediency of considering such factors as the economic development of the country, the stability of its currency, and the stage of evolution reached by the insurance scheme, before deciding upon the financial system appropriate to the given case. No doubt there are certain classic principles possessing a *prima facie* validity, e.g. the application of the reserve system to pension insurance and of the current-cost system to sickness insurance—but in each case the relevance of these principles should be judged after consideration of factors of the kind just referred to. The resolution also recalls the importance of a sound investment policy, conforming to the guiding principles laid down by the Committee of Experts which met in Geneva in 1938. It insists that every financial system should make provision for securing continuity of insurance protection. Finally, it recommends the creation of an independent actuarial body to advise on the expediency or otherwise of any amendments proposed for insurance schemes.

UNIFORM SYSTEM OF VITAL STATISTICS ON AN ETIOLOGICAL BASIS

The report on this question was prepared by a group of four medical officers belonging to the Chilean Social Insurance Department (Drs. Avendaño, Ahumada, López, and Garayar). It is many years since Governments recognised, by the formal adoption of the *International List of Causes of Death*, the desirability of applying a uniform system of vital statistics. The purposes of the report were to explain the need for much more elaborate morbidity statistics as a guide for preventive medicine, and to present for consideration the draft of an international list of causes of diseases.

The report was introduced to the Conference by Dr. Avendaño. The causal relation of environment to the health of the individual is the reason for the existence of the science of social medicine, and the statistics of this relation are the instrument of this science. Morbidity statistics must be developed in such a way as to show, not only the state of health of the community, but also the causal factors that affect it. Social insurance institutions particularly are concerned to acquaint themselves with the social, economic and cultural factors that enter into the etiological complex of a disease, in order to direct their medical policy with the utmost efficacy and economy. True, it is only the infectious and contagious diseases and the occupational diseases which can be classified by their causes, but these diseases, including as they do tuberculosis and syphilis, are among the most important for social insurance.

Dr. Avendaño went on to detail the rigorous conditions that must be satisfied in order to obtain complete and internationally comparable morbidity statistics from the experience of social insurance institutions. The nature of the population should be uniform, and so should the definitions of the contingencies insured against. Moreover, uniform diagnostic procedures must be applied, and these procedures must be uniformly available throughout the insured groups.

A member of the United States delegation, Dr. Perrot, promised the support of the United States Public Health Service in any action to establish better methods of collecting statistics, and mentioned that the Pan American Sanitary Conference is also interested in the question.

The Brazilian delegation agreed that it was desirable for social insurance institutions to adopt a uniform classification of diseases, but emphasised that the etiological criterion was insufficient by itself, and must be supplemented by that of the location of the disease. The attention of the Conference was directed to a standard list of diseases compiled under the auspices of the American Medical Association.

The Argentine delegation, after referring particularly to the necessity of reliable tables of morbidity, invalidity, and mortality in order to make possible the actuarial valuations of social insurance institutions, submitted a resolution which covered the main points of the Chilean report. It was supported by the Chilean delegation and accepted by the Conference.

The resolution suggests that the *International List of Causes of Death* might be adapted so as to yield morbidity data of maximum utility, and that the Permanent Inter-American Committee on Social Security should take up this task. It points out that the

utility and comparability of the statistics depend upon the application of a scheme of periodical medical examinations, conducted according to uniform methods.

GENERAL STATEMENTS

In the course of the discussion of the various items of the agenda, delegates of several countries made general statements, describing the measures now before their legislatures or recently adopted.

For some countries, which as yet have no social insurance schemes, the delegates described the present state of their social legislation, referring particularly to their workmen's compensation laws and social assistance services, *e.g.*, Mr. Llaverias for the Dominican Republic and Mr. Dahlquist for Paraguay.

The Government of the latter country, however, has a Social Insurance Bill in preparation which is destined to replace its compulsory savings scheme. Again, in Bolivia, the compulsory savings scheme for miners may be converted into a scheme of pension insurance, and compulsory accident insurance is being improved and an accident hospital constructed.

The reform of the social insurance system of Ecuador was sanctioned in July 1942, Ambassador Viteri Lafronte reported. The pension fund for public servants and bank staffs, founded in 1928, and the insurance fund for wage earners and salaried employees, established seven years later, are placed under the common direction of the National Insurance Institute. The Act lays down broad principles only, leaving the Institute free to regulate all details. Among the main features of the reform of 1942, which has been prepared with the assistance of Professor Shoenbaum, are the raising of the contributions of both funds to a level sufficient to assure their actuarial solvency, the introduction of sickness benefit and invalidity pensions, the improvement of medical benefit, and the incorporation of accident insurance.¹

Of very recent origin are the social insurance schemes of Panama and Costa Rica, the former having come into force in June 1941 and the latter early in 1942. The Panamanian scheme, as outlined by Mr. de Paredes, covers the risks of sickness, maternity, invalidity, old age, and death. The scheme, however, is as yet not popular, since the poorer section already obtained its medical care free from the public assistance department, and regards the insurance contribution as a tax; the Insurance Fund is considering the construction of its own clinics and hospitals. The general

¹ Cf. *International Labour Review*, Vol. XLVI, No. 4, Oct. 1942, p. 499.

objective is to render the Fund independent of State support, except for an initial endowment corresponding to existing liabilities taken over by the Fund.¹

The scheme of Costa Rica was described by Professor Padilla. A single fund insures private and public employees and wage earners in town and country, and covers the risks of sickness, invalidity, old age, and death, to which unemployment may possibly be added. In the initial stage, only sickness, maternity, and funeral benefits are being granted, and the scheme is as yet applied only in the four principal towns. The policy of the fund is dictated by considerations of prudence and actuarial soundness.²

The far-reaching reforms proposed in two Bills now before the Chilean Congress were not the subject of a special exposition, but many of the delegates were doubtless acquainted with them already. The main principles underlying the Bills are indicated in the passage quoted from the Chilean report on the fourth item of the agenda: the proposed scheme covers all the ordinary risks of life and the risks of employment as well, and embraces the entire working population and their families. The medical and hospital services of the Insurance Fund and the Public Assistance Authority are pooled. Invalidity, old-age, and survivors' pensions adequate for subsistence are assured, and are kept commensurate with the prevailing level of wages.³

A new Mexican Social Insurance Bill, the drafting of which has recently been completed after lengthy preparation, was formally brought to the cognisance of the Conference by Mr. Cruz. The Bill is inspired by the principles adopted at the Labour Conferences of Santiago and Havana. It has been elaborated by the competent services in consultation with employers and workers, and with an expert of the International Labour Office, Professor Shoenbaum.

The Bill constitutes a complete social insurance code. The risks covered comprise: occupational accidents and diseases, sickness, maternity, invalidity, old age, death, and, in the case of elderly persons, unemployment. The scheme will be applied gradually, by branches and by regions, and is destined ultimately to include all workers. It is financed by a tripartite contribution of 12 per cent. of wages, and by an additional premium for occupational risks, which is paid by the employer. Every precaution has been taken to assure the permanent financial stability of the scheme. The benefits in amount and form correspond generally to the standards recommended by the Labour Conferences. The pensions, for example, consist of a basic sum, due, in case of invalidity, after

¹ Cf. *International Labour Review*, Vol. XLVI, No. 2, Aug. 1942, p. 212.

² *Idem*, Vol. XLV, No. 5, May 1942, p. 575.

³ *Idem*, Vol. XLIV, No. 4, Oct. 1941, p. 452.

200 contribution weeks, and of increments proportional to the total of the contributions paid; the old-age pension is due at age sixty-five after 700 contribution weeks; in case of death, a funeral benefit is paid and pensions are granted to the dependent survivors.¹

The delegations of a number of countries signed a statement attesting their appreciation both of the principles followed in the drafting of the Bill and of the care and prudence with which its actuarial bases have been established.

MISCELLANEOUS RESOLUTIONS

Besides the resolutions issuing from the discussion of the six items of the agenda, the General Committee had to consider a number of resolutions on other aspects of social security; some were approved without change, others amended, and several rejected. The texts as drafted by the General Committee were in all cases adopted by the Conference.

Three of these resolutions bear witness to a common preoccupation with the unification or co-ordination of social security services. Thus it is recommended that countries which have various schemes and institutions of insurance and assistance in course of development should direct their social security policy towards the unification and generalisation of the various benefits within a compulsory scheme of social insurance. Similarly, another resolution recommends those countries in which social security does not cover the entire population but which possess poor relief and social assistance services, to co-ordinate and unify these services with those of social insurance, for the purpose of increasing their efficacy and economy. A third resolution requests the Permanent Committee to study the best methods of assuring the technical and functional co-ordination of the bodies administering social programmes.

Two university professors, Dr. Cesarino Junior (Brazil) and Dr. Desmarás (Argentina), spoke in the Conference advocating the introduction of social insurance schemes for the liberal professions. The resolution adopted by the Conference asserts that the question of extending to the white-collar workers of the liberal professions the benefits of social security should be placed on the agenda of the next session of the Conference.

A group of observers from the University of Chile proposed numerous resolutions, covering a wide variety of subjects. Their proposals concerning the maintenance of rights of mobilised persons and advocating the establishment of social insurance against occupational accidents and diseases were adopted unchanged by the Conference.

¹ *Idem*, Vol. XLV, No. 3, Mar. 1942, p. 345.

In connection with this last subject, it is pertinent to refer to the fact that the same principle is also embodied in the Chilean resolution on the fourth item of the agenda. It may also be mentioned here that a description of the Uruguayan State Insurance Bank was given to the Conference by Mr. Paravís. The Bank, which has a monopoly of accident insurance, has an accident clinic in the capital and medical representatives in rural centres throughout the country. It organises preventive examinations for the detection of occupational diseases, drafts safety regulations, and gives instruction in safety work. According to Mr. Dahlquist, arrangements have been made, at the request of Paraguay, for the Bank to set up a branch in that country.

The International American Institute for the Protection of Childhood submitted a recommendation in favour of organising services for the protection of maternity, childhood, and adolescence in all their aspects, according to a general technical programme.

INTER-AMERICAN CO-OPERATION FOR SOCIAL SECURITY

A message of greeting from President Roosevelt, as the sponsor of social security legislation in the United States, was brought to the Conference by Mr. Nelson A. Rockefeller, Co-ordinator of Inter-American Affairs. Speaking in Spanish, Mr. Rockefeller demonstrated the necessity of providing for the social security of all peoples in any plan of world reconstruction destined to assure permanent peace, and explained how the possibility of social security for any nation depends upon international, and therefore inter-American, co-operation to promote economic and social welfare. A major cause of the war was the inability of the financial and economic system to translate into reality the potentiality of abundant production or to afford full employment and other essentials of social security. Effective social security presupposes an ample supply of food and manufactured goods, but since no nation is self-sufficient, this condition can only be fulfilled by organising the widest international collaboration, as foreshadowed in the Atlantic Charter. Mr. Rockefeller referred particularly to the agreements which the United States had already entered into with other American countries in order to exert a common effort for the improvement of health and food production, and he instanced the schemes now in progress in Paraguay, Ecuador, and Central America as examples of enterprises to be developed in other regions also. The address undoubtedly corresponded to the highest aspirations and intentions of the entire Conference.

Dr. Allende (Chile), referring to Mr. Rockefeller's address, said that it signified a new policy of solidarity and economic co-opera-

tion. Elaborating his conception of economic co-operation, he pointed out that, while the countries whose industries are undeveloped certainly need the support of others in order to strengthen their economy or even to equip their armed forces, yet assistance in the form of credits is also necessary in order to enable them to raise the standard of living of their workers by building houses and executing works for the improvement of health—in a word, to defend their human assets:

In order to give solemn expression to its convictions, the Conference adopted the "Declaration of Santiago de Chile", which affirms the continental solidarity of the Americas in the pursuit of social security. The Declaration, which was moved jointly by Drs. Allende (Chile), Migone (Argentina), and Rebagliati (Peru) and by the Mexican Minister of Labour, Mr. García Téllez, was adopted unanimously by the Conference.

The Declaration consists of a preamble and four sections, respectively entitled "social and economic security", "social insurance", "a continental programme", and "a world aspiration".

In the preamble are cited the moral principles that are fundamental and peculiar to the democratic order as henceforth understood: respect for the dignity of the individual, and therefore for the basic freedoms of thought, expression, and activity. A merely passive respect, however, does not suffice. In order to enjoy fully these attributes of personality, every individual must be able to rely on the protection of a properly organised social security system. The American nations recognise that it is their common desire to increase constantly the moral and material welfare of their peoples.

The first section exhibits social security as dependent on the utilisation of economic and technical resources for the maximum production of the necessities of life on behalf of the mass of the population in every country. In a movement of solidarity of all men and nations to abolish poverty and to establish a just social order, society must find the new inspiration that it needs. Social security itself is defined as "a genuine and rational economy of human resources and values", building up the intellectual, moral, and physical vigour of the workers, preparing the way for its future generations, and supporting the generation that has been discharged from productive life. So conceived, social security, far from inhibiting personal effort, will promote it, and will improve the entire structure of society.

The first Labour Conference of American countries (Chile, 1936) had recognised that compulsory social insurance is at once the most rational and most effective means of affording social

security, and the second Conference (Havana, 1939) had formulated, briefly but clearly, the essential aims of social insurance. This formula, which could hardly be improved upon, has been embodied in the Declaration as its second section, in order to emphasise the role of social insurance as the principal method of organising social security and to define its purposes in explicit terms: the prevention of social risks, the restoration of impaired earning capacity, and the provision of the means of subsistence during temporary or permanent disability, old age, unemployment, or dependency resulting from the death of the breadwinner.

The "Continental Programme", outlined in the third section, interprets for the American countries the practical significance of the preceding generalisations. It recognises that inter-American solidarity justifies the proposition that "the health, capacity and welfare of the workers of any one American nation is a concern of all American nations". These are precisely the objectives of social security policy, which, moreover, demands for its success concurrent measures to promote full employment, to increase national income, to raise the standard of living and education upon which health and capacity depend. Concerted action on the part of social security institutions is therefore imperative. "This action implies for the American nations the necessity of establishing a common reservoir of all things required for maintaining the continuity of their social policy, for preserving their unity, and for meeting any eventuality in this connection." The solidarity which makes such measures possible will itself be reinforced by their execution, since they aim at "solving problems in which the fate and conscience of all peoples are deeply engaged".

If the Conference addressed no recommendations to the non-American countries, that was because it felt that the most effective contribution the Americas could make to the international cause would be the example of their own co-operation. This conviction is expressed in the final section of the Declaration, which affirms that "the decisions of the Americas with a view to a new structure of social security represent a contribution to world solidarity in seeking the well-being of peoples and the attainment and maintenance of peace".

The Declaration as a whole was supported by Mr. Hinrichs (United States), who stressed the dependence of an adequate social security system on the full use of resources for the production of the goods most urgently needed by the common man. Social security in its widest sense extends to labour legislation generally, and especially the encouragement of trade unions and the establishment of minimum wages and maximum hours of work. Finally,

social security can be attained without impairing the true freedom of the individual or of private enterprise.

CREATION OF A PERMANENT AGENCY

The Lima Committee had, as its principal mandate, to make ready for the establishment of a permanent agency for the promotion of social security, to act in concert with the International Labour Office. For this purpose, it was necessary to ascertain whether the desire to create such an agency was generally shared. The reception accorded to the Declaration of Santiago de Chile, on its presentation bore witness to the favourable disposition of the Conference. It only remained, therefore, to draw up a simple constitution providing for the perpetuation, in a definitive form, of the provisional organisation, comprising a Conference and a Committee, that had already come into existence. Accordingly, the Conference adopted the statute of a permanent agency of co-operation under the title of the Inter-American Conference on Social Security.

The part which the International Labour Conference has played, and is expected to play, in the promotion of social security in the American countries is recognised in the Statute. The new agency, like the Lima Committee, "will act in concert with the International Labour Office", and will be "inspired by the principles concerning social security approved by the tripartite Labour Conferences of the American countries which are Members of the International Labour Organisation".

The Conference "is intended to facilitate and develop the co-operation of the social security administrations and institutions". Having regard to this technical purpose, membership of the Conference is open to representatives of Government departments which are concerned with social security, social security institutions, and central advisory councils. The Statute does not enter into further detail as to the functional character of these representatives, but having regard to the groups principally interested in the working of social security services, provides that "efforts should be made to include representatives of employers and workers in the delegations". These provisions confirm the policy followed in issuing the invitations to the Santiago session. The Conference will have no fixed place of meeting, and the intervals at which it is to be held are not specified in the Statute. It is expressly provided that each country shall have the right to propose items for inclusion in the agenda of the Conference.

The Statute provides for the appointment of a Permanent

Committee, charged with the duties of giving effect to the decisions of the Conference, organising its future sessions, and contributing by every means to the attainment of its purposes. The Committee consists of one member, and at least one substitute, from each country affiliated to the Conference, and will thus have the advantage of the experience of all these countries.

In order to secure the co-operation of the great inter-governmental organisations concerned with various aspects of social and economic security, the Statute offers seats on the Committee to (a) a tripartite delegation appointed by the Governing Body of the International Labour Office, (b) the Director of the International Labour Office, (c) the Director-General of the Pan American Union, and (d) the Director of the Pan American Sanitary Bureau. The Director-General of the Pan American Union had already assured the Conference of his support, while the Pan American Sanitary Bureau had co-operated in the Lima meeting and was represented also at Santiago.

The seat of the Committee is to be in the country to which its Chairman belongs. The Committee will draw up its standing orders and determine its procedure. It may appoint an Executive Body to act for it during the intervals between its sessions. At the request of the Committee and in consultation with it, the Director of the International Labour Office may appoint one of his assistants to act as its Secretary-General. The International Labour Office is asked to keep the Conference and the Committee informed of international developments in social security.

The Statute was adopted unanimously, but a transitional provision appended to it specifies that its adoption does not bind those administrations and institutions which, in conformity with their law or rules, require to obtain special approval before entering into an engagement of this kind. A second transitional clause prescribes that the provisions which concern the Governing Body of the International Labour Office shall not have effect until the Governing Body has approved them.

The Santiago Conference had anticipated the conversion of the Lima Committee into a Permanent Committee, and, in conformity with the Statute which it adopted, it has entrusted the latter, not only with the general duty of carrying out the resolutions of the Conference, but also with a number of specific tasks, which have already been alluded to in passing. These tasks, such as the setting up of committees on medical rationalisation and economy, the adaptation of lists of causes of death to the needs of morbidity statistics, and the exchange of invalidity and other tables needed for actuarial estimates, call for the co-operation

of the administrations and institutions of the various countries, and involve preparatory work, to be undertaken with the aid of specialised organisations.

The opportunity offered by the presence of the delegations at Santiago to set the new organisation in motion was not to be missed. Immediately after the close of what had now become the First Session of the Inter-American Conference on Social Security, delegates representing the administrations and institutions of thirteen countries met under the chairmanship of Mr. Altmeyer (United States), and constituted themselves a provisional committee to act until the Permanent Committee should be definitively formed. They considered the steps to be taken in order to expedite this outcome and to afford publicity to the proceedings of the Santiago session. They appointed an Executive Body, which is to prepare the text of standing orders for the approval of the Committee when it is about to assume its permanent status. Again in a provisional capacity, they decided to ask the Director of the International Labour Office to charge Mr. Stein with the functions of Secretary-General, which he had already performed in connection with the Santiago Conference.

A wide field of activity is thus opened to the Committee. It can, if it so decides, take practical and concrete measures to satisfy the need and disposition for mutual aid manifested by the administrations and institutions of countries which have recently taken up social insurance and propose to extend and rationalise their services. The mutual aid which the administrations and institutions could afford one another on a larger scale through the medium of the Committee is likely to contribute to the formulation and application of improved standards—administrative, medical, actuarial, and statistical—for the working of social security services. The Committee can therefore play an important role in the development of social policy. It can contribute effectively to making a reality of the decisions of the Americas with a view to a new structure of social security, and thereby, as the Declaration of Santiago de Chile affirms, contribute to world solidarity in seeking the well-being of peoples and the attainment and maintenance of peace.
